



**** Please note: This is a copy of the rates communication that was provided to agencies on 07/02/08. In Attachment 2 of the original memo, each agency received financial information specific to them. Those fields are blank in this copy. ****

MEMORANDUM

TO: State Department Directors & Elected Officials
State Department Financial Managers
State Chief Information Officers
Iowa Department of Management Budget Analysts

FROM: Mollie Anderson

DATE: July 2, 2008

RE: **DAS FY2010 Utility Rates – Provide Comment by July 31, 2008**

FOR: Agency # – Agency Name

The four DAS Customer Councils have approved proposed utility rates for Fiscal Year 2010. This communication is to notify you of the rates that have been tentatively set, provide some background information, and open the 30-day comment period on these proposed rates. Utility rates for FY10 will be finalized by September 1, 2008.

DAS would like to extend a special thanks and appreciation to Bill Gardam, HRE Customer Council Chair; Charlie Smithson, GSE Customer Council Chair; Greg Wright, ITE Customer Council Chair; and Roger Stirler, I/3 Customer Council Chair – as well as all Customer Council members – for their leadership and customer advocacy during the rate-setting process for FY2010.

This marks the last year the councils will be operating as four separate entities. As of July 1, 2008, the four customer councils are consolidated into one customer council for the purposes of overseeing all utility rates provided by DAS. Additionally, in an effort to further the customers' role in the rate-setting process, the Department of Management will work in consultation with DAS regarding management and administration of the council. (For the new code language, please reference [Senate File 2400](#), Division II, Sec. 29.) DOM is in the process of putting the new council in place; agencies will be receiving more information about the new council in the future.

Summary of Proposed FY10 Utility Rates

There will be 26 utility services provided by DAS in FY2010.

- Of the 18 utility services that are billed as a rate, seven are remaining the same as final FY09 rates, five are decreasing and six are increasing.

- Two are services being provided as utilities for the first time in FY2010: Service-Oriented Architecture and Authentication & Authorization within DAS-ITE.
- Six are either allocations or the fleet depreciation fee, which are not billed as flat rates.

A description of each utility service can be found in the DAS service catalog at <https://eDAS.iowa.gov>. Please note that you may look up any service without logging in by entering your search words in the “Search Services” box on the eDAS home page.

Attachments

Included with this memo are two documents which contain DAS utility rate information that will assist you in the FY2010 budgeting process. You will find that the corresponding footnotes are best viewed in “print layout” mode.

Attachments:

1. ***Proposed FY 2010 DAS Utility Rates*** – This is the list of rates and allocations developed and tentatively approved by the GSE, HRE, I/3 and ITE Customer Councils. This information is being presented for your review and begins a 30-day comment period during which DAS, DOM and the Customer Councils hope you will ask questions and offer feedback. At the conclusion of the comment period (**July 31, 2008**), your feedback will be forwarded to the Department of Management and the newly established Customer Council. DOM and the Council, in consultation with DAS, will evaluate your comments and approve final utility rates by September 1, 2008.
2. ***Agency-specific Comparison of Projected Expenses for DAS Utilities*** – This document will help you understand the impact of the FY2010 DAS utility rates on your agency; it charts the differences between your agency’s estimated FY2009 and FY2010 DAS utility costs. (Please note that we cannot estimate your costs for those utility services that are based on optional usage or number of participants.)

DAS strives to keep our rates low and in line with actual costs to provide these services. We are requesting from the Department of Management the full amount of agency funding needed to cover these necessary expenses. Customer agencies should remember that they have the opportunity, if they see fit and are able, to control expenses by controlling consumption – for example, amount of square footage used, number of vehicles in use, and so forth.

Summary of Rate Methodologies – by enterprise

- ***DAS-State Accounting Enterprise*** – I/3 is an allocation amount that is based on the cost of the system components and an agency’s annual revenues, expenditures and FTE’s to the total population. The allocation amount was determined by the I/3 Customer Council. This year’s methodology is the same that has been used the last three years. However, Fiscal Year 2010 marks the first time since the inception of I/3 that the full cost of the system will be reflected in the rates charged to customers. This is due to carry-forward funds being depleted, which were previously used to reduce the cost to customers. The projected *total* cost for I/3 in FY2010 is \$6.8 million. To lessen the impact for FY10, however, DAS will be requesting a supplemental appropriation of \$3.7 million from the legislature to be credited to I/3 customer agencies. A similar method was used to secure a \$2-million appropriation for FY09.

While DAS will earnestly pursue the \$3.7 million supplemental appropriation, for FY10 budgeting purposes it is recommended that agencies build into their budget the gross annual allocation for I/3. Please note that it is the gross charges that are shown in Attachment 2, though agencies will be receiving a share of the \$2-million appropriation to offset some of the costs for FY09, resulting in FY09 costs remaining the same as FY08 costs.

- ***DAS-Information Technology Enterprise*** – The ITE Directory Services and the Information Security Office (ISO) calculate annual rates based upon the 3rd quarter number of FTE's ending March 2008. For FY2010, DAS recommended and the Department of Management approved making two services – Service-Oriented Architecture (SOA) and Authentication and Authorization (A&A) – utility services. This means that beginning July 1, 2009, all customer agencies will be required to purchase SOA and A&A services from DAS at the stated rates. **Please note** that the rate presented here for SOA could decrease by as much as 70 percent if a third party agrees to allow existing equipment to be used.
- ***DAS-Human Resources Enterprise*** – Most HRE utility rates are calculated using the 5-quarter average of FTE's ending March 2008. However, for billing purposes some HRE utility rates use the actual number of permanent full-time and part-time employees as of the previous month's second pay period. The HRE flexible spending account administrative charge is based on the number of participating employees. The workers' compensation premium is based on a five-year rolling average of claims experience. The information included in this communication reflects FY09 allocations only. FY10 estimated worker comp allocations will be sent to agencies in September after estimates are received from Deloitte Consulting.
- ***DAS-General Services Enterprise*** – The GSE Customer Council has approved a variety of methodologies to assess utility rates. These methodologies include cost allocation as well as use assessments. Association fees are based upon annual true-up (square footage use) files utilized for billing of Office Space, Ankeny Labs space, and Seat of Government Leasing. Outside Seat of Government Leasing fees are established on an hourly rate basis for time actually billed and do not include overhead. The purchasing rate is based upon agency pro-rated usage of master contracts during FY07. Annual true-up files, based upon usage, are utilized to assess the Mail Services fee. The rate for Fleet Management and Risk Management is based upon the number of active vehicles utilized by an agency each month. Accordingly, actual costs may vary depending upon the number of vehicles assigned to an agency in any given month. FY2009 Fleet Depreciation rates are established by class of vehicle and estimated months of service. Federal requirements mandate that the rate be determined by cost less residual value divided by months of service. The hourly fee for project management oversight provided by Architectural & Engineering Services (AES) is based upon projected billable hours divided by the annual budget. If you utilize AES to manage construction projects for your agency, you should plan for this cost in your construction budgets.

Please note that the FY09 Association Fee rate listed on Attachments 2 and 3 is \$3.25/square foot. The *original* FY09 rate – and the one that was communicated to you last year – was \$3.10/sq.ft. DAS recommended and the GSE Customer Council approved a rate increase for FY09 in June 2008 in response to increased fuel and energy costs.

Also, we want to make you aware that the Association Fee rate proposed to the GSE Customer Council for FY10 was \$3.41/sq.ft. The council approved an increase of \$0.04 to \$3.29, with the additional 4 cents going to Leasing and Space Management. DAS felt the additional increase (to

\$3.41) was necessary to continue providing the same level of facility maintenance service in FY10 that customers are now accustomed to. This includes custodial, maintenance and repairs, locksmith, heating and cooling, plumbing, grounds-keeping, and more. If the \$3.29 rate is finalized for FY10, adjustments to service levels may be necessary.

General Notes

- Please note that costs for marketplace services are not included in this communication. Customer Councils are responsible for setting **utility** rates only. It is those rates we are asking customer agencies to review and comment on at this time.
- Four different DAS customer councils set these utility rates, each using a slightly different approach. Variances may result from simple rounding.
- Should any material changes occur in the rates following the 30-day comment period, those changes will be communicated to you.

Providing Comment – by July 31, 2008

You may communicate feedback or questions regarding these rates with DAS, DOM and the Customer Council by clicking on the “[Submit a comment](#)” link shown on the home page of the DAS website under “News & Information” (<http://das.iowa.gov>), and also as shown below:

Fiscal Year 2010 utility rates presented to agencies for comment

TIME SENSITIVE  **Comment period ends July 31, 2008!**

- [Review proposed FY10 utility rates](#)
- [Submit a comment](#)
- [View Q&A Log for proposed FY10 utility rates](#)

Your questions/comments will be forwarded to the appropriate DAS and DOM staff for follow-up. A response will be sent to the individual who submitted the question and the question/comment and answer will be posted on the website, as shown above ([View Q&A Log for proposed FY10 utility rates](#)). If you have questions about how to incorporate the FY10 utility rates into your budget request, please contact your DOM budget analyst.

You will find a copy of this memo and attachments on the DAS website: <http://das.iowa.gov>.

Thank you for taking the time to review this information and provide feedback.

PROPOSED FY 2010 DAS UTILITY RATES

July 2, 2008

DAS UTILITIES	BASIS FOR RATE CALCULATION	ANNUALIZED RATES ¹		
		FY09	FY10	+/-
State Accounting Enterprise (SAE)				
I/3 (Integrated Information for Iowa)	Annual allocation	N/A	N/A	
Information Technology Enterprise (ITE)				
Directory Service	FT & PT Perm Employee-3rd Qtr FY2008	\$7.88	\$6.75	- \$1.13
Information Security Office (ISO) ²	FT & PT Perm Employee-3rd Qtr FY2008	\$16.58	\$14.45	- \$2.13
Service-Oriented Architecture (SOA)	64% = FTE; 36% = agency usage	--	\$4.27 ³	<i>new</i>
Authentication & Authorization (A&A)	64% = FTE; 36% = agency usage	--	\$4.67	<i>new</i>
Human Resources Enterprise (HRE)				
Benefits	FT & PT Perm Employee ⁴	\$34.80	\$29.40	- \$5.40
Personnel Officers	FT & PT Perm Employee ⁴	\$71.28	\$77.28	+ \$6.00
Labor Relations	FT & PT Perm Employee ⁴	\$21.84	\$20.04	- \$1.80
<i>Employment Services:</i>				
Merit Only	FT & PT Perm Employee ⁴	\$18.48	\$24.60	+ \$6.12
Merit and Non-Merit	FT & PT Perm Employee ⁴	\$58.92	\$59.28	+ \$0.36
Health Insurance Surcharge	Per participant	\$24.00	\$24.00	-
Golden Dome	Full-time Perm Employee ⁴	\$2.00	\$2.00	-
Unemployment	Annual allocation	N/A	N/A	
Flexible Spending	Per participant	\$51.12	\$51.12	-
Workers' Compensation	Annual allocation	N/A	N/A	
General Services Enterprise (GSE)				
<i>Association Fees:</i>				
Office & Storage Space (combined)	Per square foot	\$3.25 ⁵	\$3.29	+ \$0.04
Ankeny Labs	Per square foot	\$5.26	\$5.26	-
Purchasing ⁶	Annual allocation	N/A	N/A	
Mail Services	Annual allocation	N/A	N/A	
Blanket Bond	FT & PT Perm Employee-3rd Qtr FY2008	\$2.13	\$1.58	- \$0.55
Fleet – Risk Management	Per active vehicle	\$288.00	\$288.00	-
Leasing, Fee at Seat of Govt.	Per square foot	\$0.10	\$0.12	+ \$0.02
Fleet Management	Per active vehicle	\$161.76	\$256.44	+ \$94.68
Fleet Depreciation ⁷	Per active vehicle	N/A	N/A	
Architectural & Engineering Services	Per hour	\$83.84	\$83.84	-
Leasing, Fee Outside Seat of Govt.	Per hour	\$61.90	\$61.90	-

N/A – This information is not available because the fee is an allocation calculated per agency, not a flat rate.

¹ Included with this communication is information projecting budget impact for each utility rate for your department (Attachment 2).

² The FY09 ISO rate (\$16.58) is the rate that was communicated to agencies in last year's rate communication. This rate was calculated with only required customers participating. Participation of some agencies is still being finalized. In FY10, it was decided to determine the rate using the same customer base as FY08. If additional optional customers decide to sign up for ISO services, this rate will decrease for all agencies; if optional customers using the service in FY08 decide not to continue service through FY10, the FY10 rate will increase for all participating agencies.

³ If existing equipment can be used, the rates for both base and usage unit costs could decrease by up to 70% each.

⁴ 5-quarter average through 3rd Quarter of FY08 (ending 03/31/08).

⁵ **Please note:** The FY09 Association Fee rate was changed to \$3.25/sq.ft. from \$3.10 on June 20, 2008. Please note that in the rate communication you received last year, \$3.10/sq.ft. was the rate provided at that time.

⁶ Purchasing allocations are pro-rated based upon each agency's use of master contracts as of FY07.

⁷ Fleet depreciation rates and charges are billed contingent on vehicle type and purchase date.

This document was prepared and provided by the Iowa Department of Administrative Services

Comparison of FY09 and FY10 Projected Expenses for DAS Utilities
July 2, 2008

AGENCY:					
DAS UTILITIES	FY09 RATE (ANNUALIZED)	ANNUAL FY09 PROJECTION	FY10 PROPOSED RATE (ANNUALIZED)	ANNUAL FY10 PROJECTION	FY10 – FY09 ANNUAL CHANGE
State Accounting Enterprise (SAE)					
I/3 (gross amounts – without any supplemental credits – shown)	<i>(N/A – Allocation)</i>		<i>(N/A – Allocation)</i>		
Information Technology Enterprise (ITE)					
Directory Service	\$7.88/FTE		\$6.75/FTE		
Information Security Office (ISO)	\$16.58/FTE		\$14.45/FTE		
Service-Oriented Architecture (SOA)	<i>Not a utility in FY09</i>	-	\$4.27/FTE + usage		
Authentication & Authorization (A&A)	<i>Not a utility in FY09</i>	-	\$4.67/FTE + usage		
Human Resources Enterprise (HRE)					
Benefits	\$34.80/FTE		\$29.40/FTE		
Personnel Officers	\$71.28/FTE		\$77.28/FTE		
Labor Relations	\$21.84/FTE		\$20.04/FTE		
Merit Only Employment Services	\$18.48/FTE		\$24.60/FTE		
Merit and Non-Merit Employment Services	\$58.92/FTE		\$59.28/FTE		
Health Insurance Surcharge	\$24.00/participant	N/A	\$24.00/participant	N/A	N/A
Golden Dome	\$2.00/FTE		\$2.00/FTE		
Unemployment	\$1.25/ head count <i>(Allocation)</i>		\$1.25/ head count <i>(Allocation)</i>		
Flexible Spending	\$51.12/participant	N/A	\$51.12/participant	N/A	N/A
Workers' Compensation	<i>(N/A – Allocation)</i>		<i>Will be sent in Sept.</i>	<i>Not available</i>	
General Services Enterprise (GSE)					
Office & Storage Space	\$3.25/sq ft		\$3.29/sq ft		
Ankeny Labs	\$5.26/sq ft		\$5.26/sq ft		
Purchasing	<i>(N/A – Allocation)</i>		<i>(N/A – Allocation)</i>		
Mail Administration	<i>(N/A – Allocation)</i>		<i>(N/A – Allocation)</i>		
Blanket Bond	\$2.13/FTE		\$1.58/FTE		
Fleet - Risk Management	\$288.00/vehicle		\$288.00/vehicle		
Leasing, Fee at Seat of Govt.	\$0.10/sq ft		\$0.12/sq ft		
Fleet Management	\$161.76/vehicle		\$256.44/vehicle		
Architectural & Engineering Services	\$83.84/hr	N/A	\$83.84/hr	N/A	N/A
Leasing, Fee Outside Seat of Govt.	\$61.90/hr	N/A	\$61.90/hr	N/A	N/A
TOTAL DIFFERENCE (FY10 from FY09) – <i>(Does not include participant-based charges: Health Insurance, Flex Spending, A&E Services, OSOG Leasing fee)</i>	Estimated Difference – Dollar amount (FY10 minus FY09):				
	Estimated Difference – Percentage change (from FY09 to FY10):				